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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/381,742
Filing Date: October 13, 1999
Appellant(s): WHITE, JR., NEWTON B.

Oppedahl & Larson LLP
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 3/19/2004.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

The brief does not contain a statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief. Therefore, it is presumed that there are none. The Board, however, may exercise its discretion to require an explicit statement as to the existence of any related appeals and interferences.

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) *Summary of Invention*

The summary of invention contained in the brief is correct.

(6) *Issues*

The appellant's statement of the issues in the brief is correct.

(7) *Grouping of Claims*

(7) *Grouping of Claims*

The rejection of claims 16-181, 184, 191-195 and 200-202 stand or fall together because appellant's brief does not include a statement that this grouping of claims does not stand or fall together and reasons in support thereof. See 37 CFR 1.192(c)(7).

(8) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) Prior Art of Record

| | | |
|-------------|--------|---------|
| 3,573,747 | Adams | 04-1971 |
| WO 97/25801 | HAUSER | 07-1997 |

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 U.S.C. § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claim 196 is directed to non-statutory subject matter. Claim 196 recites a data stream. However, the data does not impact functionality to the data stream as claimed.

As such, the claimed invention recites non-functional descriptive material, i.e. mere data. The allowance of such a claim would exalt form over substance. For the above mentioned reason, claim 196 is deemed non-statutory.

Claims 169-171, 173-177, 179, 182-183, 184-208 15 are non-statutory. Applicant has not given any process or any structural means for carrying out the invention. Applicant's invention is not implemented with any specific automated computer apparatus. Consequently, the claims are analyzed based upon the underlying process and thus rejected as being directed to a non-statutory process. the claims are

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not in the "technological" or "useful" arts, and the claims do not affect or define the technology. See *In re Toma*, 197 USPQ 852 (CCPA 1978).

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 177 and 178 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The claims call for a digital signature but then it recites that it is secured without requiring the digital signature. It is confusing as to if the digital signature is claimed or not. For purpose of examination, it will be examined as if the digital signature is required.

Claims 169, 173, 179, 182, 184, 185, 187, 191, 197, 203, 204, as amended is confusing because the claims recite "includes without limitation a computer apparatus". The claims do not positively recite if a computer is included or exclude.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 169-176, 179, 181 and 184 are rejected under 35 U.S.C. 102(b) as being anticipated by Adams et al. (3,573,747 hereinafter Adams).

With respect to claims 169-176, 179 and Adams teaches a method for operating an offer matching or information system for a traded item (abstract). Associating a first offer to buy or to sell the traded item with a first identifier (col. 10, lines 1-15 and col. 12, lines 1-9); receiving request for information where the request includes the first identifier (col. 10, lines 1-15 and col. 12, lines 1-9); the request is received in a manner that does not imply that that the request is from a person entitled to receive nonpublic information concerning the first offer (col. 12, lines 1-9); and in response to the request, sending a reply comprising a data item that concerns the first offer (col. 10, lines 1-36 and col. 12, lines 1-12).

Claims 170-171 further recites well known execution information and process of an offer.

Claim 174 further recites that the disclosee possesses information which discloses that a first related person satisfies a first condition and that first related person is acting as an agent for the first offer. Adams teaches that the disclosee (investor) is the one entering the information in the system and since it is obvious and well known for systems to have agents acting on behalf of the investors then it would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included the disclosee having information about the agent because such a modification would allow the investor or disclosee to recognize the agent based on certain conditions

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and therefore he or she would know that the agent is acting on his or her trade.

With respect to claims 179 and 181, Adams further teaches publishing the information (col. 12, lines 51-62).

With respect to claim 184, the claim further recite and Adams further teaches the offer matching system monitoring the trade (col. 2, lines 73-, col. 3, lines 1-10).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 180, 191-195, 197-198, 200-202 are rejected under 35 U.S.C. 103(a) as being unpatentable over Adams.

With respect to claim 180, further recites well known execution information and process of an offer.

With respect to claims 191, 192, 194, 195, 197-199, 201-202, Adams teaches receiving from a first participant a first description of the first offer (i.e. subscriber A describes the first offer)(col. 10, lines 1-36); associating the first offer with a first identifier, the first identifier not associated with any offer other than the first offer (col. 10, lines 1-15 and col. 12, lines 1-9); receiving from a second participant a description of a second offer (i.e. subscriber B sends an offer to sell(col. 10, lines 1-15); the offer matching system's executing the first offer at least in part against the second offer in

accordance with a set of rules that govern the operation of the offer matching system (col. 10, lines 1-53); publishing a first data packet that comprises the first identifier and a first data item, the first data item concerning the first offer (col. 12, lines 51-62).

With respect to if the description did not disclose the first identifier, sending the first identifier to the first participant in a manner that discloses to the first participant that the first identifier is associated with the first offer. The participants have to identify the offers by reference numbers (col. 12, lines 4-13) therefore it would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included sending the first identifier to the participant if the participant didn't disclose the identifier associated with the first offer because such a modification would allow for correct identification of the offers.

With respect to claim 193, since the first data item is responsive to the information requested by the disclosee on changes and modifications and changes to the offer and since the second offer is to be matched with the first offer to find out if a offer can be executed then it would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included selecting a predetermined relationship between the first data item and the second offer to obtain the above mentioned advantages.

Claim 200 further recites that the first data item specifies a price at which the first offer was executed against the second offer. Official notice is taken that is old and well known to publish the execution certain items, for example when a home is sold the price and the location is published and it becomes public

information. It would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included specifying a price at which the first offer was executed against the second offer because such a modification would provide the public with an idea of the sales prices of the items.

With respect to claim 203, in addition to the rejections addressed, Adams teaches storing in the offer matching system a first association among a first participant and a first monitor (col. 2, lines 73-, col. 3, lines 1-10).

Claims 177-178, are rejected under 35 U.S.C. 103(a) as being unpatentable over Adams in view of Hauser et al. (WO 97/25801 hereinafter Hauser).

With respect to claims 177-178 in addition to the limitations previously addressed above in the rejections to claims 169, 172-173 and 175-176, the claims further recite that the reply comprises a digital signature. On the other hand, Hauser teaches secure anonymous information exchange in a network, and the data sets are digitally signed, as far as necessary to provide proof of the partner. It would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included a digital signature in the reply as taught in Hauser because such a modification would provide the above mentioned advantage.

(11) Response to Argument

In response to Applicant's arguments with respect to 196 on the grounds that a data stream is non-statutory subject matter. The data stream does not impart functionality to the computer, i.e., it is not a computer component. Non-functional descriptive material per se is not statutory i.e. abstract idea. A process that consists solely of the manipulation of an abstract idea is not concrete or tangible. See *In re Warmerdam*, 33 F.3d 1354, 1360, 31 USPQ2d 1754, 1759 (Fed. Cir. 1994). See also *Schrader*, 22 F.3d at 295, 30 USPQ2d at 1459. The claim also lacks a tie to technology.

With respect to the 101 rejection pertaining to claims 169-171, 173-177, 179, 182-183 and 184-208, the rejection is sustained. The preamble was amended to include "includes without limitation a computer apparatus" first of all, without is a negative limitation in the claims because it doesn't specifically recite what is included but rather what is excluded. Further, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological

arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject

matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele

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test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, independent claims 169, 173, 177, 179, 182, 184, 185, 191, 196, 197, 203 and 204 clearly recite a "useful, concrete and tangible result" ("associating and matching a request about a first offer"), however the claim recites no structural limitations (i.e., computer implementation), and so it fails the first prong of the test (technological arts).

From this it can be seen that the broadest reasonable equivalent disclosed fails to pass the first prong technological arts test and therefore recites non-statutory subject matter under 35 USC 101.

With respect to the 112 rejection pertaining to claim 177 and 178, the rejection is sustained. The Applicant is claiming a digital signature to secure the data and in the same claim is claiming another embodiment such as not using the digital signature to secure the data. Both techniques of securing the same data, claimed in the same claim causes confusion and therefore the rejection is maintained.

Appellant argues that Adams does not teach sending or receiving a request that includes an identifier associated with an offer. The examiner respectfully disagrees with Applicant because in Adams (col. 10, lines 4-), the identifier "20,562" was given to Subscriber A in order to identify his or her offer (as admitted by Appellant on page 20 of the brief) therefore Subscriber B will have to use the same identifier to request information on the identified offer. A counteroffer is a request or a return offer. In Adams subscriber A is given an offer identifier to identify the offer, the same offer identifier is used by Subscriber B to respond to the offer. Therefore Adams satisfies the claimed limitation of receiving a request that includes an identifier associated with the offer.

Appellant argues that Adams does not teach sending or receiving a request in a manner that does not imply that the request is from a person entitled to receive nonpublic information concerning the offer. As admitted by Appellant on pages 22-23 of the brief, the system of Adams is an anonymous offer matching system, which allows request and receipt of information using an offer identifier, therefore, anybody can use the offer identifier and request information on an offer without disclosing if the person is entitled or not to receive such nonpublic information by only using the identifier to obtain information.

Appellant argues that Adams doesn't teach responding to a request until after an event occurs. The Examiner disagrees with appellant because Adams teaches on col.

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10, lines 37-53 that **"when the originator of an offer enters into a negotiation with another subscriber,this invention protects the offer by placing it in a hold status. This ensures that the original offer can not be transacted by a third subscriber during the negotiation between the original subscribers. The originator of the original offer may remove the hold...if he wishes the offer to remain active.."**

With respect to Appellant's arguments that Adams does not disclose publishing the information. The Examiner respectfully disagrees with Appellant because Adams teaches on col. 12, lines 51-62, performing the financial dealings associated with the matched offer, including printing and preparing appropriate summary therefrom. The Examiner wants to point out that publishing in a printer in a bank is still consider making the information known to others. In the system of Adams the offer starts with being anonymous between the parties involved and then it becomes known to others when is printed and sent to the bank for the financial dealings associated with the matched offer. Therefore, the bank becomes a member of the public for which the information is distributed and made public.

Appellant argues that Adams does not teach receiving a message from the first monitor that approves the first offer and storing it. The claim doesn't necessarily recite that the first offer is a matched offer and therefore the Examiner is interpreting the first offer placed by the offeror or originator. Adams

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teaches on col. 17, lines 70-74 **"Manual operation means 628 will send a withdrawal notice to the subscriber who booked the Book entry offer which has just been compared, and which has just been found to be below the minimum accepted by the system"**. The system acts as a monitor for not approving an offer below the minimum accepted.

With respect to Applicant's arguments pertaining to a predetermined relationship between the first data item and a second offer. The Examiner never said that Adams discloses this predetermined relationship but rather than given in Adams that the first data item is responsive to the information requested by the disclosee on changes and modifications and changes to the offer and since the second offer is to be matched with the first offer to find out if a offer can be executed then it would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included selecting a predetermined relationship between the first data item and the second offer in order for the subscribers to know if the offer can be matched against the second offer.

With respect to the publishing the price in which an offer has been executed. The Examiner wants to point out that the Examiner took official notice than when a house is sold, the amount on the executed offer amount becomes public knowledge and in addition, Adams teaches the matched offer is printed and publish by the bank. Appellant further argues that the identifier identifies the home and not the offer. Appellant is reminded that in response to applicant's arguments against the references

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individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

With respect to claim 177, relying upon the digital signature to secure the data. Since, the claim was confusing (see 112, 2nd above) the Examiner interpreted the claim as requiring the digital signature to secure the data. Hauser was cited for teaching securing information by means of using digital signed data sets to provide legitimacy of the data transmitted (see Abstract).

For the above reasons, it is believed that the rejections should be sustained.